

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10

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FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 9884

INFO AMEMBASSY BANGKOK

CINCPAC

C O N F I D E N T I A L SINGAPORE 1254

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: MASS, TH, SN

SUBJECT: THAI PURCHASES OF MILITARY EQUIPMENT IN SINGAPORE

REF: SINGAPORE 1232

1. DURING MY CONVERSATION WITH THAI AMBASSADOR JETN REPORTED REFTEL, HE MENTIONED THAT UNDER PROVISIONS OF NEW THAI PROGRAM TO ACQUIRE US\$1 BILLION WORTH OF MILITARY EQUIPMENT FOR ARMED FORCES, HE HAD BEEN ENGAGED IN EFFORT TO OBTAIN LOAN FROM FOREIGN BANKS IN SINGAPORE FOR PURCHASE OF BELL HELICOPTERS. BEST RATE HE HAD BEEN ABLE TO OBTAIN W1.5 PERCENT ABOVE LIBOR. ALTHOUGH HE DID NOT SPECIFICALLY MAKE THE CONNECTION, HE HINTED THAT LOAN HAD BEEN PLACED WITH SINGAPORE BRANCH OF WELLS FARGO BANK.

2. ALTHOUGH THIS IS PROBABLY KNOWN ALREADY TO EMBASSY BANGKOK, I SUBSEQUENTLY HEARD FROM ANOTHER SOURCE THAT THAI GOVERNMENT HAS, IN FACT, ORDERED 24 BELL HELICOPTERS FROM HELI-ORIENT, WHICH IS AGENT FOR BELL IN THIS REGION.

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3. JETN STATED THAT THAI GOVERNMENT, IN ADDITION TO DECIDING UPON PURCHASE OF MILITARY SUPPLIES IN MAGNITUDE OF US\$1 BILLION, HAD ALSO RESOLVED TO STANDARDIZE EQUIPMENT THROUGH ARMED FORCES. IN THIS CONNECTION, JETN SPOKE DISPARAGINGLY OF PURCHASE BY THAI POLICE OF SALADIN ARMORED CARS AND CONSTRUCTION OF HK-33 RIFLE FACTORY IN THAILAND. ARMORED CARS, HE SAID, WERE OBSOLETE AND HK-33 RIFLES MANUFACTURED IN THAILAND HAD PROVED TO BE TWICE

AS EXPENSIVE AS M-16S PURCHASE FROM SINGAPORE.

4. AS INDICATED IN REFTTEL, JETN HAD ARRANGED FOR PRIME MINISTER KRIANGSAK TO VISIT SINGAPORE FACTORY ENGAGED IN PRODUCING MILITARY ITEMS FOR THAILAND UNDER TERMS OF CO-PRODUCTION AGREEMENT WITH SINGAPORE. HE INFORMED ME THAT THIS FACTORY WAS CHARTERED INDUSTRIES (A WHOLLY-OWNED SINGAPORE GOVERNMENT CORPORATION, WHICH PRODUCES M-16S UNDER LICENSE FROM COLT AND VARIOUS TYPES OF AMMUNITION RANGING FROM SMALL ARMS TO 120 MM MORTAR ROUNDS). HOWEVER, JETN SAID, HE HAD NOT TAKEN KRIANGSAK TO THAT AREA OF THE FACTORY MANUFACTURING M-16S, PERHAPS INDICATING THAT THAI-SINGAPORE CO-PRODUCTION ARRANGEMENTS INVOLVE AMMUNITION.

5. I TOOK OPPORTUNITY DURING CONVERSATION TO PROVIDE JETN WITH UNCLASSIFIED PAPER EXPLAINING VARIOUS TYPES OF LOANS AVAILABLE TO COUNTRIES PARTICIPATING IN FMS PROGRAMS, AND TOLD HIM I WAS SURE THAT JUSMAG IN BANGKOK WOULD BE ABLE TO PROVIDE FULLER AND MORE DETAILED INFORMATION ON THIS SUBJECT. HOPEFULLY, SUBJECT OF THAI MILITARY PURCHASES FROM U.S. SOURCES OR VIA U.S. FINANCING WILL NOW BE RETURNED TO BANGKOK.
HOLDRIDGE

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NNN

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